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CIA 36337 Copy No. 35

2nd Draft

Working Group Only

IAC-D-55/6

25 January 1954

INTELLIGENCE ADVISORY COMMITTEE
(NSC STATUS REPORT WORKING GROUP)

NSC Semi-Annual Supplementary Status Report
on the Foreign Intelligence Program

1. The attached draft attempts to reflect changes discussed at the Working Group meeting of 20 January and also includes sections drafted by State and the Military Agencies since that meeting.

2. It would be appreciated if the representatives would meet to discuss this draft in Room 2C468, The Pentagon, at 2:00 P.M. on Thursday, 28 January. A revised draft based on discussion at that meeting should be circulated 1 February for IAC concurrence and DCI dispatch by 5 February.

Secretary

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No. - THE FOREIGN INTELLIGENCE PROGRAM

(Prepared by the Central Intelligence Agency and concurred
in by the Intelligence Advisory Committee)

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OBJECTIVES

1. National Security Act of 1947, as Amended:

For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of CIA, under the direction of the National Security Council —

(1) to advise the NSC in matters concerning such intelligence activities of departments and agencies as relate to the national security;

(2) to make recommendations to the NSC for the coordination of such intelligence activities of the departments and agencies as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: provided, that CIA shall have no police, subpoena, law enforcement powers, or internal security functions: provided further, that the departments and other agencies shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: and provided further, that the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the NSC determines can be more efficiently accomplished centrally;

(5) to perform such other functions and duties related to intelligence affecting the national security as the NSC may from time to time direct.

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OBJECTIVES (Continued)

2. NSC 162/2, paragraph 10:

Develop and maintain an intelligence system capable of:

(1) collecting and analyzing indications of hostile intentions that would give maximum prior warning of possible aggression or subversion in any area of the world;

(2) accurately evaluating the capabilities of foreign countries, friendly and neutral as well as enemy, to undertake military, political, economic, and subversive courses of action affecting U.S. security;

(3) forecasting potential foreign developments having a bearing on U.S. national security.

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(This report states the most significant changes which have occurred during the period 30 June - 31 December 1953; it supplements the full report submitted 3 August 1953 as No. 9 in NSC-161.)

I. COORDINATION

1. When the IAC agencies concurred in the last report submitted, they pointed out that the effects of budget cuts then recently imposed on intelligence activities could not be assessed at that time. Since then, the agencies individually have experienced the effects of budget reductions and now conclude that these have been possible of assimilation by shifting assets or curtailing peripheral activities. The only serious effects have been felt in the collection activities of the Foreign Service and even these are being met, at least partially, by alternative activities.

2. Collectively, the agencies, at the request of the Bureau of the Budget, have developed a suggested listing of categories of intelligence activities as an aid to the Bureau in its proposed budgetary analysis of intelligence programs. It is hoped that this analysis will, among other results, aid the agencies in their continuing appraisal of the costs of the foreign intelligence program.

3. Two Director of Central Intelligence Directives were issued, and one revised, with the concurrence of the IAC, during this period. DCID 7/1 establishes procedures for insuring that all non-governmental individuals offering foreign intelligence information are referred to CIA for exploitation in accordance with NSCID 7. DCID 3/5 refines procedures for the production of national intelligence estimates.

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II. NATIONAL ESTIMATES

1. During the period of this report the IAC approved 19 national estimates (8 special estimates and 11 NIE's).

2. At the request of the IAC, the Board of National Estimates, CIA, has undertaken a review of DCID's 4/1 and 4/2, issued under NSCID-4, on national intelligence objectives.

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III. POLITICAL, SOCIAL AND CULTURAL INTELLIGENCE

The quality of analysis by the staffs producing political, sociological, and cultural intelligence has been fully maintained and even improved. In part, the pressure of demands on reduced staffs has been met by a stepping-up of the long-term trend toward the merging of economic, political, and sociological analysis in dealing with individual intelligence problems.

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V. ECONOMIC INTELLIGENCE

1. The recent revisions of economic policy and plans in the Soviet Bloc countries have led to a temporary increase in the flow of Soviet and Satellite data on production, trade, and consumption. Although many of these data continue to be stated in terms of percentage change from undefined bases, a considerable amount was reported in absolute terms of production, trade, and consumption. These new data should permit improved estimates on rates of development and trends in particular sectors of the Bloc economies.

2. Intelligence needed for enforcement of economic defense measures has been improved during the last six months by the establishment of machinery to (a) provide rapid collation and analysis of intelligence on illegal transactions with the Soviet Bloc, (b) speed the dissemination of intelligence to appropriate action agencies, and (c) improve the receipt of information on priority requests to the field.

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